

Lianhe Global has assigned ‘A-’ global scale Long-term Issuance Credit Rating to Luoyang Guosheng Investment Holding Co., Ltd.’s proposed senior unsecured bonds

HONG KONG, 31 August 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘A-’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Luoyang Guosheng Investment Holding Co., Ltd. (“LYGI”; ‘A-/Stable’).

LYGI intends to use the net proceeds from this offering for project investment and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as LYGI’s global scale Long-term Issuer Credit Rating of ‘A-’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of LYGI. The payment obligations of LYGI under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

LYGI’s Issuer Credit Rating reflects a high possibility that the People’s Government of Luoyang City (“Luoyang government”) would provide very strong support to LYGI if needed, in light of its full ownership of LYGI, the strategic importance of LYGI as the flagship LIDC responsible for infrastructure investment, affordable houses, and other city development and operation functions in Luoyang, and the linkage between the Luoyang government and LYGI, including management appointment, supervision over LYGI’s strategic development, major investment and financing plans, strategic alignment and ongoing operational and financial support. In addition, the Luoyang government may face significant negative impact on its reputation and financing activities if LYGI encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that LYGI’s strategic importance would remain intact while the Luoyang government will continue to ensure LYGI’s stable operation.

Rating Sensitivities

Any rating action on LYGI’s rating would result in a similar rating action on the Bonds.

We would consider downgrading LYGI’s rating if (1) there is perceived weakening in support from the Luoyang government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the Luoyang government’s ownership of LYGI, or (3) there is a downgrade in our internal credit assessment on the Luoyang government.

We would consider upgrading LYGI's rating if there is an upgrade in our internal credit assessment on the Luoyang government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this LYGI's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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